

DENIAL

ADMIN. FILE

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Dear Ladies and Gentlemen:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

Your application for exemption and supporting documents disclose that you formed [REDACTED] by incorporating under the [REDACTED] Non-Profit Corporation Act. Your fourth Corporate Article sets forth your educational purposes, as listed below:

1. To educate the public generally as to the habits, characteristics, advantages, training, care and treatment of the [REDACTED] breed of dogs by all reasonable and legitimate methods of education and information.
2. To create, promote and maintain in the general public an interest in purebred dogs.
3. To encourage higher standards of quality in dogs of all breeds by the use of high grade pedigreed sires in breeding.
4. To create a close and friendly relationship and association between the breeders and owners of dogs, and particularly pedigreed dogs of the [REDACTED] breed.
5. To educate and aid dog owners and prospective dog owners in the handling and selection of dogs best suited to their particular needs and purposes.
6. To encourage scientific research for the improvement of dogs of all breeds and particularly dogs of the [REDACTED] breed; to promote and hold dog shows for the purpose of creating interest in and educating the public as to the characteristics and merits of the [REDACTED] breed of dog and to encourage dog owners and breeders to practice proper and better breeding

INITIATOR

REVIEWER

REVIEWER

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[REDACTED].

7. As funds are available, grants will be made to educational and other organization to be used for scholarships, research and other scientific study for the improvement and betterment of purebred and other dogs. The recipients of these scholarships will not be related in any way to a member of [REDACTED].
8. As funds are available books will be bought and donated to various area libraries. These books will contain full information on the selection, care, education and breeding of all breeds of purebred dogs but particularly the [REDACTED].

Article I, section 2, of your Bylaws sets forth additional objects of your club, as restated below:

- a. To encourage and promote the breeding of purebred [REDACTED] and to do all possible to bring their natural qualities to perfection;
- b. To urge members and breeders to accept the standard of the breed as approved by The American Kennel Club as the only standard of excellence by which [REDACTED] shall be judged;
- c. To do all in its power to protect and advance the interest of the breed by encouraging sportsmanlike competition at dog show and obedience trials;
- d. To conduct sanctioned and licensed specialty shows and obedience trials under the rules of the American Kennel Club;
- e. To subscribe to the aims of and cooperate with [REDACTED] [REDACTED].

You offer four types of memberships (Regular Life, Honorary and Associate) to all persons eighteen years of age and older who are members in good standing with the American Kennel Club and who subscribe to the purposes of your club.

Section 501(c)(3) of the Code provides exemption for:

"Corporations...organized and operated exclusively for religious, charitable,...or educational purposes,...no part of the net earnings of which inures to the benefit of any private shareholder or individual..."

Section 1.501(c)(3)-1(b)(1)(i) of the Income Tax Regulations provides that an organization is organized exclusively for one or more exempt purposes only if its Articles of Organization -

- (A) Limit the purposes of such organization to one or more exempt purposes; and
- (B) Do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more

Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations provides that:

"An organization will be regarded as 'operated exclusively' for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3)..."

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations provides that all the organizations there described must serve a public rather than a private interest.

In your particular case, on the basis of the information you have submitted, we conclude that you are not operated exclusively for the exempt purposes under section 501(c)(3) of the Internal Revenue Code. Some activities in which you engage, or propose, do meet the educational requirements of the Code but your overall activities are not exclusively educational. Revenue Ruling 71-421, published in Cumulative Bulletin 1979-2, page 229, held that a similar organization did not qualify for exemption under section 501(c)(3) of the Code. In that ruling the applicant for a exemption was an organization formed to promote the ownership and training of purebred dogs. It was licensed by a National Kennel Club, and its membership was limited to individuals who were members of the National Kennel Club. Membership in the National Club was limited to owners of purebred dogs registered with that club.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If we do not hear from you within 30 days, this letter will be our determination in the matter.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

If this determination letter becomes a final determination, we will notify the appropriate State Officials, as required by section 6104(c) of the Code, that based on the information we have, we are unable to recognize you as an organization of the type described in Code section 501(c)(3).

-4-

[REDACTED]

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely yours,

[REDACTED]
Acting District Director

Enclosures:
Publication 892